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Rural Development

Rural Utilities Service

Providing Rural America With Essential Utility Services

The mission of the Rural Utilities Service (RUS) of USDA Rural Development is to help improve the quality of life and promote economic development in rural America. It does this by administering USDA's rural utility programs in a service-oriented, forward-looking, and financially responsible manner. These programs have a long history of serving farm families and small communities.

On Oct. 14, 1994, Congress reorganized the U. S. Department of Agriculture and created the Rural Utilities Service (RUS) to direct the federal Electric, Telecommunications and Water and Environmental programs. Along with the Rural Housing Service and the Rural Business-Cooperative Service, RUS works as a part of the Rural Development mission area team to provide the tools rural Americans need to make a better life for themselves, their children, and their communities.

RUS also acts as a catalyst for private sector investment in rural areas. Rural America's ability to succeed in the new century

depends, to a large extent, on the investments in productivity-enhancing, modern infrastructure. RUS stands ready to help rural America meet the challenges of the future.

Electric Program

The RUS Electric Program provides leadership and capital to upgrade, expand, maintain, and replace America's vast rural electric infrastructure. Under the authority of the Rural Electrification Act of 1936, RUS makes direct loans and loan guarantees to electric utilities to serve customers in rural areas. The federal government, through RUS, is the majority lender for nearly 750 rural electric systems. Since the start of the program, RUS has approved approximately \$57 billion in debt financing to support electric infrastructure in rural areas. Of these rural systems, about 96 percent are nonprofit cooperatives, owned and operated by the consumers they serve. The remaining 4 percent include municipal systems, Native American tribal utilities, and other entities. These electric systems provide service to more than 90 percent of the nation's counties identified by the Economic Research Service (ERS) as having persistent poverty, out-migration, and/or other economic hardship.

Most RUS-financed rural electric systems have a two-tiered organizational structure. Retail consumers are members of the distribution cooperative that provides electricity directly to their homes and businesses. Most distribution cooperatives, in turn, are members of power supply cooperatives, also called "generation and transmission" or "G&T" cooperatives, which generate and/or procure electricity and transmit it to the distribution member systems.

The RUS Electric Program offers three sources of financing assistance: Hardship Loans, Municipal Rate Loans, and Guaranteed Loans. The primary difference between the programs is the qualifying criteria and the interest rate for each type of financing.

Telecommunications Program

The RUS Telecommunications Program has been dedicated to improving the quality of life in rural America since 1949. When the Telecommunications Program began, only 38.2 percent of American farms had telephone service, and that service was, in many instances, multi-party and often unreliable.

RUS telecommunications borrowers today provide single-party service to nearly all customers over a digitally switched, state-of-the-art network. By providing a leadership



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role in financing and telecommunications standards, RUS continues to help build the high-quality information pathways that serve rural America today. The level of investment required to continue providing the infrastructure needed for rural economic development is higher today than ever before. New information capabilities need advanced technologies, less developed rural areas need better infrastructure, and some areas still have no service at all.

The RUS Telecommunications Program offers the following sources of financing assistance to telecommunications providers in rural America: Hardship Loans; Cost-of-Money Loans; Rural Telephone Bank (RTB) Loans; and Guaranteed Loans.

Distance Learning and Telemedicine Program

The RUS Telecommunications Program also administers the Distance Learning and Telemedicine Program (DLT), which is designed specifically to meet the educational and health care needs of rural America. Through loans, grants, and loan and grant combinations, advanced telecommunications technologies provide enhanced learning and health care opportunities for rural residents.

Information about the RUS Telecommunications' DLT program is available from the national office of the Rural Utilities Service. Each year, there is a window for submitting grant applications that are scored and awarded on a competitive basis. Applications for loans and the loan/grant combinations are accepted throughout the year.

Water and Environmental Programs

RUS administers a Water and Waste Disposal Loan and Grant Program to improve the quality of life and promote economic development in rural America. Direct loans are made to develop water and wastewater systems, including solid waste disposal and storm drainage, in rural areas and in cities and towns with a population of 10,000 or less. Funds are available to public entities, such as municipalities, counties, special-purpose districts, and Indian tribes. In addition, funds may be made available to nonprofit corporations and cooperatives. Priority is given to public entities, in areas with less than 5,500 people, to restore a deteriorating water supply, or to improve, enlarge, or modify a water facility or an inadequate waste disposal facility. Preference is also given to requests that involve the merging of small facilities and those serving low-income communities. Applicants must be unable to obtain funds from commercial sources at reasonable rates and terms. The maximum term for all loans is 40 years. However, no repayment period may exceed State statutes or (in some States) the useful life of the facility. Interest rates may be obtained from USDA Rural Development field offices.

RUS coordinates the Water 2000 initiative, which has as its goal to provide clean, safe and affordable drinking water to all rural homes.

Grant funds are available to applicants where the median household income of the service area is below the State's nonmetropolitan median household income and grant funds are necessary to reduce user rates to a reasonable level.

Guaranteed loans may be made for the same purpose as direct loans. They are made and serviced by lenders such as commercial banks and savings and loan associations. Normally, guarantees do not exceed 80 percent on any loss of interest and principal on the loan.

Technical Assistance and Training and Solid Waste Management Grants are available to nonprofit organizations to enable them to deliver services to rural water and waste disposal systems. The Rural Water Circuit Rider Technical Assistance Program is operated under a contract with the National Rural Water Association. Assistance is available to help rural water systems and operational, financial, and managerial needs.

The RUS Water and Environmental Program offers these sources of assistance to rural America: Water and Waste Disposal Loans and Grants; Technical Assistance and Training Grants; Solid Waste Management Grants; and Rural Water Circuit Rider Technical Assistance.

For More Information

Additional information about any RUS programs call (202) 720-1255 or visit the Rural Utilities Service home page at:

[Http://www.usda.gov/rus/](http://www.usda.gov/rus/)

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